

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 610

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

AN ACT

RELATING TO HEALTH INSURANCE; PROVIDING FOR SMALL GROUP  
COVERAGE IN THE NEW MEXICO MEDICAL INSURANCE POOL.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 59A-54-7 NMSA 1978 (being Laws 1987,  
Chapter 154, Section 7, as amended) is amended to read:

"59A-54-7. BOARD--POWERS AND DUTIES.--The board shall  
have the general powers and authority granted under the laws of  
this state to insurance companies licensed to transact health  
insurance business. In addition, the board shall have the  
specific authority to:

A. enter into contracts as are necessary or proper  
to carry out the provisions and purposes of the Medical  
Insurance Pool Act, including the authority, with the approval  
of the superintendent, to enter into contracts with similar

1 pools of other states for the joint performance of common  
2 administrative functions or with persons or other organizations  
3 for the performance of administrative functions. The pool  
4 shall comply with the Procurement Code except as otherwise  
5 provided in the Medical Insurance Pool Act;

6 B. sue or be sued, including taking any legal  
7 action as necessary to avoid the payment of improper claims  
8 against the pool or the coverage provided by or through the  
9 pool;

10 C. establish appropriate rates, rate schedules,  
11 rate adjustments, expense allowances, agent referral fees,  
12 claim reserve formulas and any other actuarial functions  
13 appropriate to the operation of the pool. Rates and rate  
14 schedules may be adjusted for appropriate risk factors such as  
15 age and area variation in claim costs and shall take into  
16 consideration appropriate risk factors in accordance with  
17 established actuarial underwriting practices;

18 D. assess members of the pool in accordance with  
19 the provisions of the Medical Insurance Pool Act and make  
20 initial and interim assessments as may be reasonable and  
21 necessary for the organizational or interim operating expenses  
22 of the pool. Interim assessments shall be credited as offsets  
23 against any regular assessments due following the close of the  
24 calendar year. Interim assessments may include anticipated  
25 expenses of the next year that the board determines are

1 reasonable and necessary for the operating expenses of the  
2 pool;

3 E. issue policies of insurance in accordance with  
4 the requirements of the Medical Insurance Pool Act;

5 F. issue a policy of insurance, in accordance with  
6 the requirements of the Medical Insurance Pool Act, for a small  
7 group that is formed voluntarily through an employer,  
8 association, cooperative, mutual alliance or other  
9 organization; provided, however, that an employer group may not  
10 have more than fifty persons;

11 [~~F.~~] G. appoint appropriate legal, actuarial and  
12 other committees as necessary to provide technical assistance  
13 in the operation of the pool, policy and other contract design  
14 and any other function within the authority of the pool; and

15 [~~G.~~] H. conduct periodic audits to assure the  
16 general accuracy of the financial data submitted to the pool.  
17 The board shall cause the pool to have an annual audit of its  
18 operations by an independent certified public accountant."

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